

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-08
TRSE-00 OMB-01 IO-13 ACDA-07 /087 W
-----041132Z 020257 /11

R 041108Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6144
USMISSION USBERLIN
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 BONN 03910

E.O. 11652: GDS
TAGS: PFOR EGEN WB GW US UK FR PGOV
SUBJECT: PROPOSAL FOR BONN GROUP STUDY ON BERLIN
ECONOMIC VIABILITY

REFS: (A) BONN 3402; (B) BONN 3115; (C) STATE 28989;
(D) USBER 636

BEGIN SUMMARY: ALL MEMBERS OF THE BONN GROUP HAVE NOW
AGREED IN PRINCIPLE TO THE PROPOSAL FOR A STUDY ON THE
ECONOMIC VIABILITY OF BERLIN. HOWEVER, BRITISH AND
FRENCH REPS HAVE REITERATED THEIR RESERVATIONS
CONCERNING THE USEFULNESS, CONCLUSIONS, AND TIMING OF
THE PROJECT. THERE IS AS YET NO AGREEMENT ON HOW OR BY
WHOM THE STUDY SHOULD BE CONDUCTED. IN THE LIGHT OF US
MISSION BERLIN'S WILLINGNESS TO UNDERTAKE WHAT
WOULD AMOUNT TO A FIRST DRAFT, WE WILL PROPOSE IN THE
NEXT BONN GROUP MEETING THAT THE INITIAL DRAFTING BE
DONE IN BERLIN AND REPORT USBER'S WILLINGNESS TO PLAY
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A LEADING ROLE IN THE INITIAL STAGES. END SUMMARY.

1. IN MARCH 1 BONN GROUP MEETING, UK REP (HITCH)
REPORTED THAT HIS INSTRUCTIONS FROM LONDON WERE TO AGREE
TO UNDERTAKE A STUDY ON THE ECONOMIC VIABILITY OF BERLIN,
WITH SEVERAL PROVISOS. FIRST, THE FCO CANNOT ACCEPT A
COMMITMENT IN ADVANCE THAT THE STUDY SHOULD CONTAIN

CONCRETE RECOMMENDATIONS FOR ALLIED ACTION, UNTIL THERE IS SOME EVIDENCE THAT SOMETHING USEFUL WILL COME OUT OF THE STUDY. SECOND, THE FCO RESERVES ITS POSITIONS ON TIMING WITH THE THOUGHT THAT A FINISHED PRODUCT BY MAY IS AN UNREALISTIC GOAL TO SET. FINALLY, THE BRITISH WERE RESERVING THEIR POSITION ON ANY EXPENDITURE OF BRITISH FUNDS AS A RESULT OF ANY RECOMMENDATIONS COMING OUT OF THE STUDY.

2. FRENCH REP (BOISSIEU) REPORTED THAT HE WAS INSTRUCTED TO MAINTAIN HIS RESERVATIONS ABOUT THE PROJECT BUT TO NOTE THAT THOSE RESERVATIONS DO NOT IMPLY A VETO. SECOND, THE QUAI DID NOT SEE WHAT THE FRENCH COULD USEFULLY CONTRIBUTE TO THE STUDY. THIRD, THE QUAI DOES NOT CONSIDER MAY TO BE A REALISTIC TARGET DATE. FOURTH, ANY PRACTICAL RECOMMENDATIONS WOULD BE EVALUATED ON THE BASIS OF REAL NEED (AND NOT JUST BECAUSE THERE IS A STUDY WHICH CALLS FOR RECOMMENDATIONS).

3. FRG REP (HENZE) NOTED AGAIN THAT THE FRG WELCOMED THE PROPOSAL.

4. US REP SUMMED UP THE SITUATION AS FOLLOWS:

-- WE ARE ALL AGREED IN PRINCIPLE TO UNDERTAKE THE STUDY.

-- THERE IS NO COMMITMENT TO MAKE CONCRETE RECOMMENDATIONS.

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-- WE WILL TRY FOR MAY BUT REALIZE WE MIGHT NOT MAKE IT.

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-08
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R 041108Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6145
USMISSION USBERLIN
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
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5. US REP THEN SUGGESTED THAT WE SHOULD PROCEED BY ASKING THE ECONOMICS EXPERTS AT THE MISSIONS IN BERLIN TO SEE WHAT MATERIAL THEY CAN PROVIDE. SIMULTANEOUSLY, THE FRG MIGHT GET IN TOUCH WITH THE RELEVANT MINISTRIES ON A SIMILAR BASIS.

6. ON PROCEDURE, HENZE SUGGESTED THAT A REPORT ON THE BERLIN ECONOMIC SITUATION WHICH HAD JUST BEEN ISSUED BY THE GERMAN INSTITUTE FOR ECONOMIC RESEARCH IN BERLIN (USBER 565) MIGHT FORM A BASIS FOR THE STUDY. HITCH AGREED THAT THAT REPORT MIGHT WELL MEET THE FIRST TWO OBJECTIVES OF THE STUDY AS SET OUT BY THE DEPARTMENT (PARA 3, REF C) -- I.E., THE DESCRIPTION OF THE PRESENT ECONOMIC SITUATION IN BERLIN AND PROSPECTS FOR THE FUTURE, AND THE ISSUES TO BE TREATED IN COMING MONTHS AND YEARS. HE SUGGESTED THAT THE AK ECONOMICS
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COMMITTEE, IN CONSULTATION WITH THE OFFICE OF THE SENATOR FOR ECONOMICS, LOOK AT THE REPORT FROM THAT STANDPOINT AND THEN REFER ITS THOUGHTS ON THE THIRD OBJECTIVE -- WHAT THE ALLIES MIGHT DO TO SUPPORT FRG AND SENAT EFFORTS TO GUARANTEE THE VIABILITY OF BERLIN -- TO THE BONN GROUP FOR FULLER DISCUSSION. THIS SUGGESTION WAS ACCEPTED BY THE BONN GROUP.

7. IN A TRIPARTITE MEETING ON MARCH 2, BOISSIEU BROUGHT UP THE STUDY AND REITERATED MORE BALDLY FRENCH VIEWS OF THE PROJECT TERMING IT "USELESS." HE ADDED THAT THERE WAS A DANGER THAT ALL OF THE WORK WOULD BE DONE BY THE GERMANS AND NOTED AGAIN THE TIME PRESSURE. HITCH

ALSO COMMENTED ON THE TIME PRESSURE OBSERVING THAT WE MUST DECIDE WITHIN A WEEK WHETHER TO PUSH FOR MAY OR TO AIM FOR PRELIMINARY FINDINGS IN MAY WITH A MORE FINISHED PRODUCT IN DECEMBER. HE WONDERED WHETHER THE SEMI-ANNUAL ASSESSMENT PREPARED FOR THE QUADRIpartite DINNER MIGHT NOT CONTAIN ALL WE ARE READY TO SAY BY MAY.

8. COMMENT: WE CONSIDER THE STUDY TO BE LAUNCHED ALONG THE LINES NOTED IN PARA 5, EVEN THOUGH THERE IS AS YET NO AGREEMENT ON PROCEDURES -- MORE PRECISELY, ON WHO WILL DO THE WORK. PART OF THE SKEPTICISM EXPRESSED IN THE BONN GROUP IS UNDOUBTEDLY A REFLECTION OF THE FACT THAT THE BONN GROUP AS PRESENTLY CONSTITUTED CONTAINS LITTLE OR NO ECONOMIC EXPERTISE AND, EXCEPT POSSIBLY ON THE FRG SIDE, NO PERSONNEL CUSHION FOR TAKING ON A PROJECT OF THIS MAGNITUDE.

9. AS A RESULT OF TRIPARTITE AND QUADRIpartite CONSULTATIONS AND INTERNAL EMBASSY DISCUSSIONS, OUR CONCLUSIONS ARE (A) THAT IF THE PROJECT IS TO BE DONE AND IS NOT STRICTLY A GERMAN EFFORT (WHICH WOULD TO SOME EXTENT DEFEAT THE PURPOSE), THE US WILL HAVE TO TAKE CONFIDENTIAL

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THE LEAD, AT LEAST TO THE EXTENT OF PROVIDING AN OUTLINE AND A FIRST DRAFT, AND (B) THAT THE NECESSARY COMBINATION OF ECONOMIC EXPERTISE AND KNOWLEDGE OF THE BERLIN SCENE IS TO BE FOUND ONLY IN THE BERLIN MISSIONS. WE THUS AGREE WITH THE DEPARTMENT'S SUGGESTION IN REF (C) THAT THE BERLIN MISSIONS, WITH ASSISTANCE AS NEEDED FROM THE SENAT, SHOULD BE ASKED TO DO THE FIRST DRAFT. MORE SPECIFICALLY, THE DOUBTS EXPRESSED BY THE UK AND FRENCH BONN GROUP REPS ABOUT THE ABILITY OF THEIR BERLIN

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COLLEAGUES TO CONTRIBUTE IN A MEANINGFUL WAY SUGGEST
THAT THE SPADE WORK WILL HAVE TO BE DONE BY USBER.

10. WE THUS WELCOME USBER'S OFFER IN REF (D), WHICH
ARRIVED AFTER THE BONN GROUP AND TRIPARTITE
DISCUSSIONS, TO PROVIDE AN INPUT ON ALL THE QUESTIONS
RAISED BY THE DEPARTMENT. WE AGREE THAT CERTAIN PARTS
OF THE STUDY CAN BEST BE ANSWERED BY THE FRG OR IN
ALLIED CAPITALS. WE WOULD BE GRATEFUL IF USBER WOULD
PROVIDE A SUGGESTED OUTLINE AS SOON AS POSSIBLE AND
IDENTIFY THOSE PORTIONS OF THE STUDY WHICH SHOULD BE
FARMED OUT. IF USBER WOULD FIND IT HELPFUL, THE
EMBASSY ECONOMIC SECTION WOULD BE GLAD TO GO OVER ANY
PORTIONS OF THE DRAFT ON WHICH WE MIGHT HAVE SPECIAL
COMPETENCE BEFORE THE DRAFT IS PASSED ON TO THE
OTHER BONN GROUP MEMBERS.

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11. IN THE LIGHT OF USBER'S WILLINGNESS TO UNDERTAKE
WHAT WOULD AMOUNT TO A FIRST DRAFT OF THE MAJOR PORTION
OF THE STUDY, WE WILL PROPOSE IN THE NEXT BONN GROUP
MEETING THAT THE AK ECONOMICS COMMITTEE BE ENTRUSTED
WITH PROVIDING A FIRST DRAFT FOR
CONSIDERATION BY THE BONN GROUP. WHILE URGING THAT
THE BRITISH AND FRENCH MISSIONS BE INSTRUCTED TO
PARTICIPATE FULLY, WE WILL NOTE THAT USBER HAS
UNDERTAKEN TO MAKE THE INITIAL INPUT.
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